

**Research on Southern Arizona**  
**Small Business Health Insurance Coverage**

**October 2006**

**Prepared for Pima Community Access Program by  
Flanagan-Hyde Solutions, LLC**



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# RESEARCH ON SOUTHERN ARIZONA SMALL BUSINESS HEALTH INSURANCE COVERAGE

## EXECUTIVE SUMMARY

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Funded by a Health Resources and Services Administration (HRSA) State Planning Grant, an independent research firm, Flanagan-Hyde Solutions, LLC, conducted six focus groups with small business owners or managers in southern Arizona in October 2006. The grant was awarded to the Arizona Health Care Cost Containment System (AHCCCS) and Healthcare Group of Arizona and administered by the Pima Community Access Program (PCAP). The Cochise County and Yuma County “Covering the Uninsured” Task Forces were partners in the project and AHCCCS provided assistance in recruiting participants. Support was provided by the Tucson Hispanic Chamber of Commerce, Arizona Small Business Association (Tucson), Sierra Vista Chamber of Commerce, City of Bisbee Council on Economic Development, and Copper Queen Community Hospital (Bisbee).

## RESEARCH OBJECTIVES

Research objectives were to better understand perceived barriers to providing health insurance coverage, wellness benefit preferences, and support for state and federal policies to increase coverage. Prior to the facilitated focus group discussions, respondents completed a written survey. In some cases, participants stated that the opinions they expressed on the survey shifted during the course of the discussions.

### Key Findings

- **Many small businesses want to provide health insurance to employees but cannot afford the high cost of premiums.**
- **While small business owners strongly agree that a crisis exists, there is no consensus on the best approach to increasing health care coverage. Their proposed solutions included a variety of options ranging from greater reliance on private enterprise to increased government involvement and multiple- or single-payer universal coverage models.**
- **Emergency coverage, doctor visits, hospital stays, annual physicals and preventive care, prescription drugs, and affordable maternity and family coverage options are the top benefit priorities.**
- **Employee wellness programs are viewed as underutilized and a less important component of health insurance coverage. While small business employers are, in principle, supportive of employee wellness, they frequently see programs as an extra cost and believe employees should assume more personal responsibility and accountability for their health behaviors.**
- **To make coverage more affordable, support was expressed for group purchasing arrangements, tax credits to help offset the cost of health insurance premiums, state-based reinsurance arrangements, government-negotiated insurance premium caps, and eliminating the existing mandated “bare period” for health coverage eligibility.**

## PARTICIPANT CHARACTERISTICS

Respondents represented a convenience sample of small employers (50 or fewer employees). Most groups were a mix of businesses that did or did not offer health insurance coverage to their employees.

- Participants were 39 small business owners/managers from Sierra Vista, Bisbee, Nogales, Tucson, and Yuma.
- Small businesses represented in the focus groups reported an average of 16 employees (range 1 to 50). A majority had been in operation for more than five years, and 10 had been in business for more than 20 years.
- Twenty-three businesses offered health insurance coverage to employees, with an average of seven employees covered through the company, and an average of six covered by another source. A majority reported a premium increase greater than 10 percent at the most recent renewal.
- Among businesses that did not offer health insurance coverage, the most important reasons cited for that decision were that employees were covered elsewhere and the high cost of premiums.

## OVERALL FINDINGS

- Across geographic locations, participants stated (unprompted) that the current healthcare system is broken and changes are required to bring down the cost of health insurance coverage and provide access to needed services. Although a general agreement was evident that significant problems exist, there was a wide range of perspectives on how best to improve conditions, with proposed solutions running the gamut from greater reliance on private enterprise, to increased government involvement, to multiple- or single-payer universal coverage models.
- The cost of health coverage premiums is a major challenge for small businesses. Many noted that small business owners are always trying to control costs, and health insurance is an uncontrollable cost. One commented, “If we’re not bottom-line driven, we won’t be in business very long.” For some, cost is an insurmountable barrier to providing coverage. Unprompted, some said that malpractice claims and unreasonably high health insurance company profit levels are a significant factor in healthcare cost inflation.
- Offering health insurance coverage was described as a high priority by all participants and “the right thing to do.” Unprompted, participants distinguished between the moral and economic value of offering health insurance. Participants were ambivalent about the economic value of medical insurance coverage at today’s costs, with some participants stating that they could not imagine not having insurance coverage, and others saying that health insurance was a “terrible value” given the cost. Across groups, most participants seemed to agree with a participant’s comment, “In a perfect world, everybody should have healthcare insurance. It’s a matter of money.”
- Participants reported strongest agreement with the statements that health insurance is valued by employees, helps retain good employees, helps keep employees healthy, makes

it hard to maintain profit margins, and helps maintain employee morale. During the discussions, some participants said that younger employees might place less value on insurance, but that as people age, the desire for health insurance benefits increases. A number of participants said that when faced with the reality of making premium co-payments, their younger employees seem to prefer higher take-home pay.

- Participants in locations closest to the border expressed frustration that they cannot afford to offer health coverage benefits to their employees, yet their tax dollars pay for emergency medical care delivered to undocumented immigrants.
- Participants in several groups noted that they have mixed feelings about the proper role of government regarding healthcare coverage. They recognized that the opinions they expressed during the discussions were in some cases inconsistent. One said, “My answers don’t make sense, because for some of [the proposed strategies] I want government involvement, and for some I’m like, get them the heck out of it.”
- Several participants noted that the U.S. has the best healthcare system in the world, but that many people can’t gain access to it. “It’s ludicrous,” one participant said. “We’ve disenfranchised a third of America.”

## **BENEFITS AND COVERAGE**

- The most important types of coverage identified on the written surveys were emergency coverage, doctor visits, hospital stays, annual physicals and preventive care, and prescription drugs. Most respondents would be willing to pay premiums of \$51 to \$100 or \$101 to \$200 per month for the health insurance benefits they identified as “Very Important.” During the focus group discussions, participants said the availability of affordable maternity and family coverage options are very important.
- While some reported positive experiences with Health Savings Accounts (HSAs), others were concerned that low- and middle-wage workers could not afford premiums for the required high-deductible health plan and would not have funds available to establish and maintain a reasonable HSA balance.
- While employee wellness programs were viewed as underutilized and not an important component of health insurance coverage, participants emphasized the importance of covering and promoting preventive healthcare services, including annual physicals and lab tests. The role of personal responsibility in maintaining health was raised in a number of groups. There was strong sentiment that a focus on wellness and personal accountability is important. One general theme was that people should be encouraged to take better care of themselves.
- Little support was voiced for executive wellness programs; participants questioned the relevance of such programs to their businesses and the fairness of offering more extensive services to higher-level employees.
- While some participants strongly urged coverage for counseling and substance abuse services, noting the prevalence of mental health issues and the stress encountered in the workplace, others questioned coverage for “self-inflicted” substance abuse problems.

## SUPPORT FOR STATE POLICY INITIATIVES

Prior to the focus group discussions, participants were asked to rate insurance coverage initiatives using a four-point scale: “Totally Supportive,” “Mostly Supportive,” “A Little Supportive,” and “Not At All Supportive.” All of the initiative statements garnered support at the “A Little Supportive” to “Mostly Supportive” levels. The level of support in rank order, highest to lowest, was as follows:

1. Enact insurance rules to allow formation of small business association health plans that encourage purchasing pools. Although the question referred specifically to association health plans, participants broadened the discussion to include a variety of group purchasing arrangements, and strongly supported allowing multiple small businesses to pool together to collectively purchase health insurance.
2. Expand tax credits for small businesses and/or consumers to help offset the cost of health insurance premiums.
3. Support state-based reinsurance arrangements to buffer high costs associated with severe medical conditions.
4. Encourage government-negotiated insurance premium caps.
5. Eliminate the “bare period” for insurance eligibility. (Requirement that business not have coverage for six months before becoming eligible for state-guaranteed insurance.) During discussions, a number of respondents said they had misunderstood the question on the written survey, and they expressed strong support for eliminating the “bare period.”
6. Provide small businesses direct government subsidies to help pay premiums for low-income workers. Participants in most locations supported this initiative, while those in Yuma opposed subsidies and called for greater control of healthcare costs.
7. Increase federal and state efforts to provide universal coverage. Most supported exploring feasible approaches to universal coverage, while some voiced concerns or opposition. If the government were to become involved, several participants expressed concern about maintaining information privacy, the potential for expanding the administrative bureaucracy, and losing individual choice and control. Others supported expanding the government’s role in ensuring healthcare coverage for all, especially for working, low-income individuals and their families.
8. Offer premium subsidies for employees with incomes below 200% of the federal poverty level.
9. Allow insurance companies to offer low-cost benefit alternatives that cover only minimum medical services. A variety of preferences were expressed. While some participants viewed a low-cost limited benefit plan as “better than nothing,” others felt strongly that catastrophic coverage should be a much higher priority. Concern was expressed about whether employees would understand the limits of their coverage, and about the employer’s responsibility in explaining the benefit structure. Participants did not believe that caps of \$5,000 or \$10,000 were high enough, and pointed out that a relatively minor issue could easily exceed these amounts. One commented, “You can make payments on \$5,000. You can’t make payments on \$350,000.”

10. Expand existing public insurance programs (i.e., Medicare, Arizona Health Care Cost Containment System [AHCCCS], KidsCare) to provide greater coverage. During the discussions, strong concern was voiced about the lack of healthcare coverage available to the working poor, those whose incomes exceed AHCCCS eligibility levels but whose employers do not offer health insurance benefits. Participants said that workers should have access to healthcare, but noted that low-wage workers struggle to cover basic expenses and do not have money available to contribute to premiums. While participants in most locations supported expanding eligibility for AHCCCS and KidsCare in order to provide coverage for the working poor, they expressed concerns about additional tax burdens, and Yuma participants opposed any expansion of government spending.

## RESEARCH OBJECTIVES

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Research was conducted in October 2006 in southern Arizona with small business owners or management staff who make decisions on behalf of the business to better understand:

- Perceived barriers to providing health insurance coverage.
- Wellness benefit preferences.
- Support for state and federal policies to increase coverage.

## METHODOLOGY

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Funded by a Health Resources and Services Administration (HRSA) State Planning Grant, an independent research firm, Flanagan-Hyde Solutions, LLC, conducted six focus groups with representatives of 39 small businesses in five locations in October 2006, as displayed in Table 1. Most groups were a mix of businesses that did or did not offer health insurance coverage to their employees. Partners in the project were Pima Community Access Program (PCAP) and the Cochise County and Yuma County “Covering the Uninsured” Task Forces. Support was provided by the Tucson Hispanic Chamber of Commerce, Arizona Small Business Association (Tucson), Sierra Vista Chamber of Commerce, City of Bisbee Council on Economic Development, and Copper Queen Community Hospital (Bisbee).

**Table 1: Overview of Focus Group Participants**

Location	Date	Number Confirmed	Number in Attendance	Offer Insurance	Insurance Not Offered
Sierra Vista, Cochise County	10/11/06	8	7	5	2
Bisbee, Cochise County	10/11/06	12	10	7	3
Nogales, Santa Cruz County	10/17/06	4	1	1	—
Tucson, Pima County (a.m.)	10/18/06	15	13	9	4
Tucson, Pima County (p.m.)	10/18/06	10	4	—	4
Yuma, Yuma County	10/24/06	10	4	1	3
<b>Totals</b>		59	39	23	16

PCAP staff used a variety of approaches and tools to recruit focus group participants.

- Sierra Vista: Information was placed in the local newspaper and a public service announcement aired on the radio station “The Cave.” The Sierra Vista Chamber of Commerce contacted individuals, a contact in the business industry sent e-mails to colleagues, and PCAP staff made cold calls to small businesses.
- Bisbee: Information was placed in the local newspaper and an online calendar of events. Personal contacts were made by John Charley, City of Bisbee Director of Community



Development; Jim Dickson, CEO of Copper Queen Community Hospital; and Melissa Hartman, Executive Director, Housing Authority of Cochise County.

- Nogales: Information was placed in the local newspaper. Assistance was provided by the Nogales Chamber of Commerce; Santa Cruz County Workforce Development; and Jim Weldon, Mariposa Community Health Center. PCAP staff made cold calls to small businesses.
- Tucson: Businesses that PCAP and Healthcare Group of Arizona have worked with were contacted. In addition, assistance was provided by the Tucson Hispanic Chamber of Commerce, the Arizona Small Business Association, the Pima Community College Small Business Development Center, Microbusiness Advancement Center (MAC), the Black Chamber of Commerce, and the Marana Chamber of Commerce. Announcements were placed in *Inside Tucson Business*, and the *Arizona Daily Star* “Industry News and Notes” and online calendar of events.
- Yuma: An AHCCCS staff member recruited members of the “Covering the Uninsured Task Force,” a group funded through a Robert Wood Johnson Foundation State Coverage Initiatives grant that includes local community leaders, business owners, healthcare providers, and elected officials.

A gift card was offered as an incentive for participation. The moderator followed a focus group discussion guide developed in collaboration with PCAP, Healthcare Group of Arizona, AHCCCS, and other consultants. Participants completed a written survey (developed as part of the Robert Wood Johnson Foundation State Coverage Initiatives grant for research in Yuma County) at the beginning of each focus group session. In some cases, participants stated that the opinions expressed on the survey shifted during the course of the facilitated focus group discussions. In addition, two small business owners in Nogales who did not attend the focus group completed a written survey, bringing the total number of written surveys tabulated to 41.

**Appendix A** presents the focus group discussion guide and **Appendix B**, the written survey.

## DETAILED FINDINGS

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### FOCUS GROUP PARTICIPANT CHARACTERISTICS

#### Type of Business

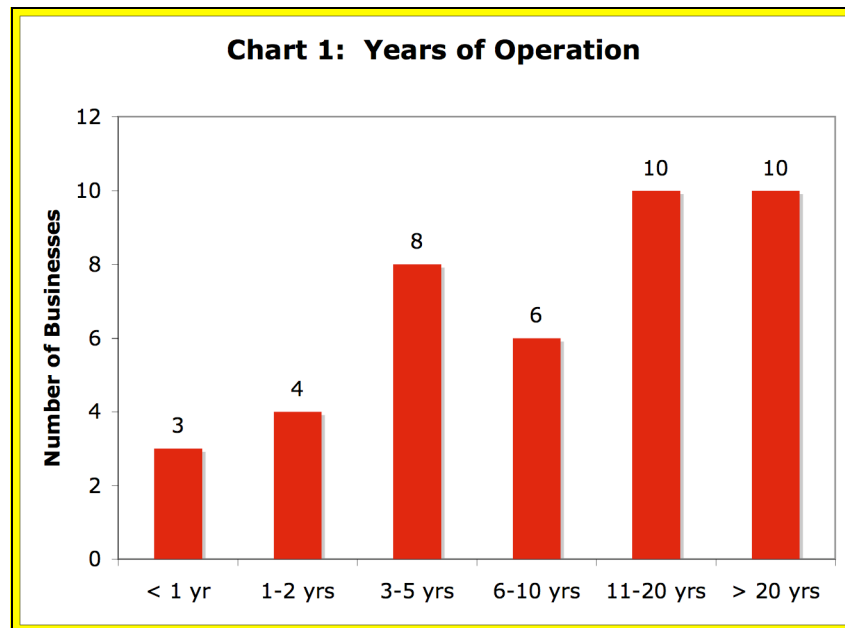
Table 2 displays the type of business owned or managed by the 39 focus group participants.

Table 2: Type of Business Owned or Managed	
Type of Business	Number of Participants
Professional Services	9
Accommodation and Food Service	6
Repair, Entertainment, Other Service	6
Construction	6
Retail Trade	3
Manufacturing	2
Finance, Insurance, Real Estate	2
Public Administration	2
Mining	1
Wholesale Trade	1
Transportation, Communication	1

The two Nogales business owners who completed written surveys described their businesses as “Repair, Entertainment, Other Service” and “Wholesale Trade.”

## Years of Operation

Chart 1 displays the distribution of years of operation of the businesses represented by focus group participants and the two Nogales survey respondents.



The businesses employed an average of 16 employees each, with a range from one to 50 employees. Businesses reported an average of four employees whose primary language was Spanish.

## Number of Employees

Among businesses that offered health insurance, the average number of employees reported as eligible for health insurance through the company was 12, with an average of seven employees covered and an average of six covered from another source. Some businesses offered more than one plan to employees. Twelve businesses offered a Preferred Provider Organization (PPO), seven a Health Maintenance Organization (HMO), three a Point of Service (POS) plan, one an Exclusive Provider Organization (EPO), and one a supplemental plan. One offered a Health Savings Account (HSA) option in addition to the POS product.

## Average Monthly Health Insurance Premium

The average monthly premium was reported as \$306 per month, with a range from \$200 to \$407 (n=14). The employer's contribution averaged \$220 and ranged from no contribution to \$407 (n=17). The employee's contribution averaged \$133 and ranged from \$10 to \$350 (n=10). An average of three employees per business had family coverage (n=11), with an average premium of \$554 (n=6). The employer's contribution for family coverage averaged \$173, with a range from no contribution to \$350 (n=7). The employee's contribution for family coverage averaged \$443, with a range from \$290 to \$565 (n=5).

### Health Insurance Premium Increases

Table 3 displays the percentage of health insurance premium increases at the last renewal reported by respondents.

Table 3: Health Insurance Premium Increases	
Amount of Increase	Number of Respondents
Not at all	1
1% to 10%	5
11% to 20%	5
21% to 30%	3
31% to 40%	2
Not sure	4

### Other Characteristics

Inconsistencies in responses to questions about age, gender, and wage/salary of employees precluded analysis of these characteristics.

## BUSINESS CHALLENGES

**Controlling overall costs and the cost of health coverage, and employee recruitment and retention, were the top challenges cited by participants in all locations.**

Focus group respondents talked about the biggest challenges they face in running their businesses.

*“Trying to survive, to pay insurance, taxes.”—Tucson*

*“As a small business owner, we try to control all of our costs, but if you offer health insurance, you can’t control that cost, and you have to keep banking more and more of your revenue to cover it.”—Sierra Vista*

*“Our challenge is to be able to stay within the constraints of what people will pay, and still get good, reliable, trustworthy employees, and give them benefits and a livable wage.”—Tucson*

Sierra Vista participants also mentioned the difficulty of finding employees with a good work ethic and obtaining insurance for individuals with pre-existing conditions.

*“If you have any kind of small health issues, they don’t want to cover you. And then if you’re fine, they still keep raising the premiums.”—Sierra Vista*

Bisbee participants brought up the burdens of excessive paperwork, heavy workloads, and the cost of other types of insurance.

The Nogales business owner said she had trouble competing for employees against bigger firms that offer health insurance.

*“I lost an employee because she went to another place that offered health insurance.”—Nogales*

Tucson participants talked about tax burdens and school district overrides. They voiced concern that some small business owners are not able to vote on tax issues because the business is located in the city, but the owner lives outside the city boundaries.

*“We have no vote. Every time Tucson Unified School District has an override, that increases my property tax \$600.”—Tucson*

## IMPORTANCE AND VALUE OF PROVIDING HEALTH INSURANCE

**Small businesses generally viewed offering health coverage as “the right thing to do,” although perceptions of value were mixed. Health insurance was seen as important to support preventive healthcare and productivity, to provide an option for family coverage, and to bolster employee recruitment and retention.**

On the written survey completed prior to the focus group discussions, participants were asked to indicate their level of agreement with 11 statements regarding health insurance. Response choices were “Strongly Agree,” “Agree,” “Neutral,” “Disagree,” and “Strongly Disagree.” Table 4 displays the level of support for each statement on a scale of 1-5 points, where 5 is “Strongly Agree.” A higher mean score indicates stronger agreement.

Participants reported strongest agreement with the statements that health insurance is valued by employees, helps retain good employees, helps keep employees healthy, makes it hard to maintain profit margins, and helps maintain employee morale.

Table 4: Agreement with Statements About Health Insurance			
Rank	Offering health insurance...	Mean Level of Support (1-5 Scale)	Number of Responses (Excluding “Don’t Know”)
1	Is valued by most employees	4.29	41
2	Helps keep (retain) good employees	4.22	40
3	Helps keep employees healthy	4.10	41
4	Makes it hard to maintain profit margins	3.98	41
5	Helps maintain employee morale	3.83	41
6	Shortens the time it takes to find employees	3.54	41
7	Helps reduce absenteeism	3.51	41
8	Improves the quality of job applicants	3.44	41
9	Is primarily the employer’s responsibility	3.07	41
10	Is primarily the responsibility of each employee	3.05	41
11	Is primarily a government responsibility	2.83	41

## **Preventive Healthcare**

During the focus group discussions, participants emphasized the importance of coverage for preventive healthcare.

*“Healthy employees are more productive.”—Sierra Vista*

*“The preventive care that it allows for by having insurance. The benefit of prescription medication. That keeps people at work. It keeps people coming back to work so they can retain those benefits.”—Bisbee*

## **Family Coverage**

Family coverage was viewed as a very important option.

*“It’s important to provide health insurance to make sure that the families have the coverage they need.”—Sierra Vista*

*“We have quite a few that have young children, and so offering health insurance to their families, they don’t have to sit home and wait too long before they take the kids into the doctor. So, again, get them back to work as quickly as possible.”—Sierra Vista*

## **Recruitment and Retention**

Offering health insurance helps small businesses recruit and retain good employees.

*“I think that I would be able to attract a whole different employee base if I was able to offer them health insurance.”—Tucson*

*“It raises the bar for the employee that you can get.”—Tucson*

*“It’s looked upon as a package for retaining people in the long term.”—Bisbee*

*“We canvassed our employees and health insurance was most important. They would have to leave if we didn’t offer something.”—Sierra Vista*

*“If you find an employee that’s trained and a good employee, there’s a lot of competition for him. Any more, our technicians and servicemen can almost name their price. Offering them healthcare is a big plus.”—Sierra Vista*

*“We used to offer insurance, but we downsized and lost the insurance coverage because of the cost. When we had the insurance, the wages that we paid were pretty low, but it was a good added benefit that we offered insurance.”—Sierra Vista*

## **Value**

Participants in Bisbee made a distinction between ethical value and economic value: offering coverage is the right thing to do from an ethical perspective, but costs are so high that it’s not a good economic value.

The primary barriers cited by participants whose businesses did not offer insurance were cost and the difficulty in finding insurance for employees with pre-existing conditions. Some Tucson participants said that while health insurance is not a good value because of denials of coverage and rising costs, it is still important to have.

*“To me it shows that the company is caring about the employees.”—Bisbee*

*“Affordable health insurance is a good value.”—Sierra Vista*

*“It’s not a good value at today’s costs.”—Bisbee*

*“It’s a benefit that I’m happy to provide. I value my employees. They’ve been with me a long time, and they’re loyal, hard workers.”—Tucson*

*“It’s a good value, but it seems like a whole lot of one’s time is taken up by thoughts about health insurance coverage, and is it covered, and why isn’t it covered? That’s just a big, big, huge distraction from what it is that you feel is your primary goal in conducting business. It’s really a great challenge.”—Tucson*

*“Health insurance is a necessary evil. It’s very expensive. It’s very necessary.”—Yuma*

### **Affordability**

Focus group participants pointed out that many of their employees cannot afford to share the cost of health insurance premiums.

*“We’re in a position where we can offer 50 percent of the premium to employees that want to do it. The problem is that our employees can’t afford it. If you do the math, you look at somebody that works 40 hours a week, and let’s say they make \$10 an hour. That’s \$400 a week. After taxes and stuff comes out, that’s \$300 a week. And if they had to pay \$100 of that for health insurance, they’re spending a third of their net income on something they may not use. They’ll just bet that they’re not going to need it until the next enrollment period.”—Bisbee*

*“Employees are not taking the offered insurance benefits because it’s too expensive for them. And it’s unfortunate because I can see the look in their eyes when they need insurance but think, ‘Oh, I can’t afford that.’”—Tucson*

*“I thought it was interesting that with my employees, many will ask, do we have insurance? And I will say no, but I’ll investigate a plan where we can share the costs, and the conversation stops right there.”—Tucson*

Several employers in Yuma said that it was easier and less expensive to go across the border for medical care and prescriptions than to offer insurance.

### **Employee Attitudes**

Many participants perceived that their younger employees place a lower value on health insurance than older employees. A number said that when faced with the reality of making premium co-payments, their younger employees seemed to prefer higher take-home pay.

*“I’ve investigated insurance, and I could not get 80 percent of my employees to do it, even with us kicking in money. They say they don’t need it. It’s getting people to think long term.”—Tucson*

*“With the type of folks I work with, insurance is never even in the picture. Most of them are contract employees, laborers. They are not thinking long term in the construction industry. They are not thinking about any kind of insurance plan. They don’t know if they’re going to be here next week.”—Tucson*



*“You offer an employee health insurance for \$150 a month, most of them are going to say, ‘That’s half the payment on my car, I’ll take the \$150 a month.’ It’s the perceived value. It’s an important value to me for them to have health insurance. It’s the right thing to do, but the employee doesn’t necessarily have the same perspective on value.”—Yuma*

## REASONS FOR NOT OFFERING HEALTH INSURANCE

On the written survey completed prior to the focus group discussions, participants were asked to indicate the importance of 13 potential reasons in the company's decision not to offer health insurance. Response choices were "Very Important," "Somewhat Important," "Not At All Important," and "Don't Know." Table 5 displays the importance of each factor on a scale of 1-3, where 3 is "Very Important." A higher mean score indicates a higher level of importance.

The top reasons cited were the high cost of coverage, the small size of the business, the short tenure of business operations, and that employees had insurance from another source.

**Table 5: Reasons Health Insurance Not Offered**

Rank	Reason	Mean Level of Importance (1-3 Scale)	Number of Responses (Excluding "Don't Know")
1	Expense, premiums too high	2.94	17
2	The business is too small	2.56	16
3	The business is too newly established	2.07	14
4	Employees covered elsewhere	2.00	13
5—Tie	Have only part-time or temporary workers	1.94	16
5—Tie	Administrative hassles	1.94	16
7	Employees do not want/value it	1.85	13
8	Employee turnover is too high	1.79	14
9	Can attract good employees without offering health insurance	1.77	13
10	High use due to existing illness	1.46	13
11	The government will pay if employees get sick	1.38	13
12	Seriously ill employee(s)	1.36	14
13	Health insurance company canceled our policy	1.00	7

## MEDICAL BENEFITS: TOP PRIORITIES

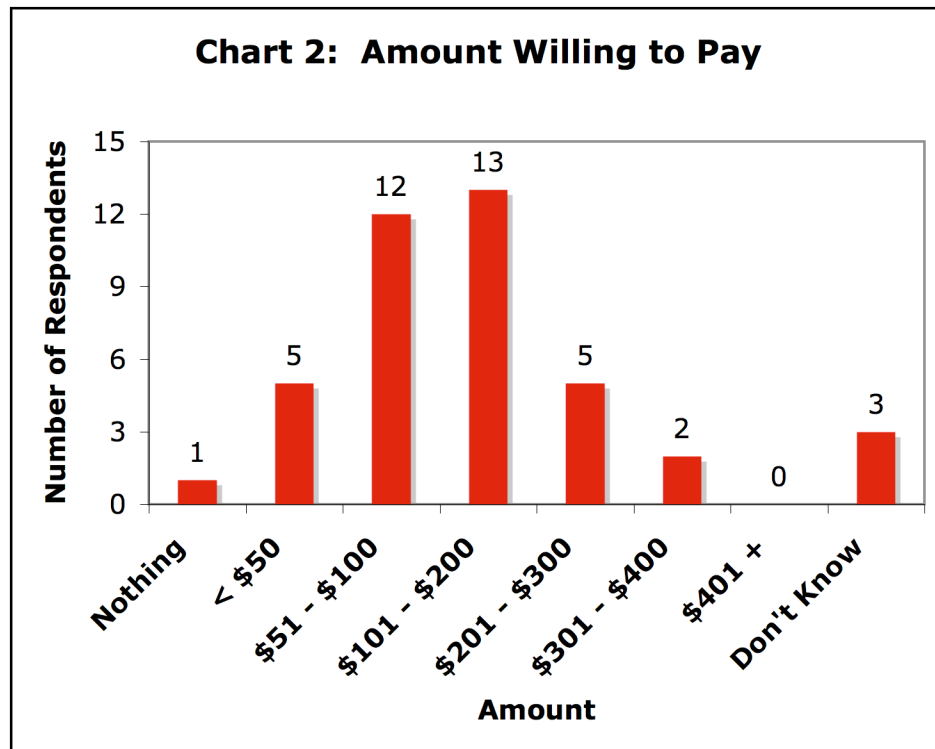
At the beginning of each focus group, prior to the facilitated discussion, participants were asked to complete a written survey that asked, “Whether or not you currently offer health insurance to employees, if you could create your own plan, how important would the following types of coverage be?” Response choices were “Very Important,” “Somewhat Important,” “Not At All Important,” and “Don’t Know.” Table 6 presents the importance of each type of coverage by mean score on a scale of 1-3 points, where 3 is “Very Important.” A higher mean score indicates higher importance.

The most important types of coverage identified on the written surveys were emergency coverage, doctor visits, hospital stays, annual physicals and preventive care, and prescription drugs.

Table 5: Ranked Importance of Types of Coverage		
Rank	Type of Coverage	Mean Importance (1-3 Scale)
1	Emergency Coverage	2.93
2—Tie	Doctor Visits	2.88
2—Tie	Hospital Stays	2.88
4	Annual Physicals & Preventive Care	2.85
5	Prescription Drugs	2.83
6	Lab Tests & Diagnostic Imaging (e.g., x-rays)	2.80
7	Pregnancy and Maternity (delivery)	2.63
8	Employee Wellness & Health Promotion	2.47
9	Dental Coverage	2.39
10	Organ Transplants	2.36
11—Tie	Mental Health Care & Counseling	2.32
11—Tie	Vision Coverage	2.32
13—Tie	Chiropractic Coverage	2.10
13—Tie	Medical Equipment	2.10
15	Substance Abuse Treatment	2.00
16	Home Health Care	1.95

## Amount Willing to Pay

The written survey then asked participants, “How much would your company be willing to pay each month per employee to get those health insurance benefits identified as ‘Very Important’ (assume coverage would be for the employee only)?” As displayed in Chart 2, most respondents would be willing to pay \$51 to \$100 per month or \$101 to \$200 per month.



## IMPORTANCE OF SPECIFIC BENEFITS

During the focus group discussions, participants were asked to share their opinions on the importance of specific medical benefits that are often included in insurance packages. They were instructed to refer to the benefits list on the written survey, and asked, “What benefits do you consider most important, whether you offer them now or not?”

Responses are summarized by focus group location, below.

### Sierra Vista

Participants in Sierra Vista said that doctor’s visits, annual visits for preventive care, lab costs, drugs, chiropractic care, and health and wellness programs are important. Conversation focused on the importance of covering diagnostic tests and procedures.

*“My daughter had to have some testing. The doctor recommended it and I took her to the lab he recommended. Then I got this huge bill from the insurance company because they say it’s not covered, not necessary. So I’ve had some pretty hefty lab bills and x-ray costs.”—Sierra Vista*

There was a perception that many employees focus on the amount of the co-pay rather than the overall benefits and don’t think about the importance and value of long-term preventive care.

*“They weren’t necessarily interested in what the plan was covering. They were thinking about that \$35 out-of-pocket. Insurance didn’t want to cover preventive care like an annual doctor visit with a lab test, which I think is real important. Then also addressing a health and wellness program, which I think people tend to ignore. An ounce of prevention is worth a pound of cure. Insurance companies don’t want to pay for that annual visit and people don’t want to pay for that \$300 or \$400 out of their pocket. Insurance should pay for a check-up and all the lab tests that go with it.”—Sierra Vista*

One person said that health education about the appropriate use of emergency rooms is needed to avoid wasting money when people go to the ER instead of accessing a more appropriate lower level of care. Others agreed, and one suggested making the cost of ER visits punitive.

### Bisbee

Bisbee participants talked about the importance of preventive and diagnostic care, prescriptions, doctor visits, hospital stays, emergency coverage, annual physicals, lab tests, and mental health care. One said dental coverage is important, while another said this was a lower priority because he can get good dental care in Mexico. One participant elicited agreement from the group when he said:

*“I think you’re asking this question in a vacuum. All of healthcare is important.”—Bisbee*

When one small business owner said that substance abuse treatment is less important because his company does drug testing, another pointed out that such services also address problems with alcohol and legal drugs. Others argued for the importance of mental health coverage, but lamented the lack of available providers and facilities in the area.

*“We drug test everybody. If you’re dirty you can’t work for us, so that benefit is irrelevant to us as an employer.”—Bisbee*

*“Mental health care is important, which goes along with substance abuse. There is a big need for that.”—Bisbee*

Vision coverage was viewed as less important because the premiums are too expensive relative to the cost of paying out-of-pocket. Some said that home health care less important because Medicare or AHCCCS would probably cover such services. One participant suggested rewarding people for staying healthy.

### **Nogales**

The Nogales focus group participant said that hospital stays, emergency coverage, prescriptions, mental health treatment and counseling, substance abuse, vision, dental, and lab tests were important. Written surveys completed by two additional Nogales business owners indicated a similar level of support for coverage of a broad range of services.

### **Tucson**

One Tucson focus group said that hospital stays, catastrophic coverage, prescription drugs, doctor visits, prescriptions, lab tests, annual physicals, preventive care, and alternative medical care were important. The second Tucson focus group listed doctor visits, emergency coverage, preventive care, annual physicals, prescription drugs, dental coverage, hospital stays, medical equipment, and organ transplants as important.

*“The one that is never affordable for anybody is dental coverage. And there’s been some new studies linked now directly to the health of individuals as they age. It’s directly related to dental.”—Tucson*

Participants in both Tucson groups expressed particular concern about coverage for high-cost and chronic medical conditions.

*“Doctor visits are a really nice perk...but it’s not as critical as the high-cost catastrophic things.”—Tucson*

*“I don’t care about co-payments, whether I pay \$20 at the doctor. I know I can just go to the doctor and I’ll pay \$125, knowing that if I end up in the hospital, that’s going to be taken care of.”*

*“If you have a chronic condition, drug costs are really staggering for a lot of people.”—Tucson*

### **Yuma**

Responses were diverse in Yuma. One participant said that everything is important: doctor visits, hospital stays, emergency coverage, prescription drugs, annual physicals, preventive care, chiropractic care, medical equipment, transplants, and lab tests. In contrast, another participant said that given high costs, only a few services are important: hospital stays, emergency coverage, and annual physicals.

*“The whole thing, realistically, is what can you afford? If you’re in business, you’ve got to meet your bills, you’ve got to receive an income, you’ve got to be able to live.”—Yuma*

There were mixed perspectives about prescription drug coverage: some said it is very important, while others said that proximity to Mexico made this less important.

*“We do have the Mexico advantage that most people don’t.”—Yuma*

One participant said that wellness and health promotion was important. Others pointed out that extensive services are available free from the Yuma County Health Department and the hospital, yet there is low participation in health and wellness programs.

## INSURANCE COVERAGE INITIATIVES

On the written survey completed prior to the focus group discussions, participants were asked to indicate their level of support for 10 insurance coverage initiatives. Response choices were “Totally Supportive,” “Mostly Supportive,” “A Little Supportive,” “Not At All Supportive,” and “Don’t Know.” Table 7 displays the level of support for each initiative.

<b>Rank</b>	<b>Initiative</b>	<b>Mean Level of Support (1-4 Scale)</b>	<b>Number of Responses (Excluding “Don’t Know”)</b>
1	Enact insurance rules to allow formation of small business association health plans that encourage purchasing pools.	3.58	38
2	Expand tax credits for small businesses and/or consumers to help offset the cost of health insurance premiums.	3.32	40
3	Support state-based reinsurance arrangements to buffer high costs associated with severe medical conditions.	3.18	34
4	Encourage government-negotiated insurance premium caps.	3.03	32
5	Eliminate the “bare period” for insurance eligibility. (Requirement that business not have coverage for six months before becoming eligible for state-guaranteed insurance.)	3.00	35
6	Provide small businesses direct government subsidies to help pay premiums for low-income workers.	2.97	34
7	Increase federal and state efforts to provide universal coverage.	2.95	39
8	Offer premium subsidies for employees with incomes below 200% of the federal poverty level.	2.91	35
9—Tie	Allow insurance companies to offer low-cost benefit alternatives that cover only minimum medical services.	2.85	39
9—Tie	Expand existing public insurance programs (i.e., Medicare, AHCCCS, KidsCare) to provide greater coverage.	2.85	40



## MINIMAL BENEFITS PLANS

**While some viewed a low-cost minimal benefit plan as better than no coverage, others felt strongly that catastrophic coverage should be a higher priority.**

The written survey completed prior to the focus group discussions asked participants to indicate their level of support for “allowing insurance companies to offer low-cost benefit alternatives that cover only minimum medical services.” Response choices were “Totally Supportive,” “Mostly Supportive,” “A Little Supportive,” “Not At All Supportive,” and “Don’t Know.” On a scale of 1-4, where 4 indicates “Totally Supportive,” the mean response was 1.85 (n=39). This tied for last out of the 10 insurance coverage initiatives presented on the survey.

During the discussions, participants were asked their opinions about a low-cost minimal benefit plan, described by the moderator as consisting of basic medical benefits that would meet the healthcare needs of around 85 to 90 percent of healthy individuals. Participants were told that such a plan usually covers physician office visits, outpatient surgery, preventive services, and diagnostic testing. Some minimal benefit plans also include hospital coverage and drugs. A minimal benefit plan sometimes comes with specific dollar limits, such as a maximum payment of \$10,000 per year, or surgery coverage up to \$5000, etc. Minimal benefit plans provide a cost-effective way of providing basic medical needs for a low monthly premium.

### Sierra Vista

Sierra Vista participants voiced strong concerns about minimal benefits plans. They said that employees were unlikely to understand the limitations of benefits, and would think that they had health insurance and then be surprised by limitations when care is needed.

*“You know, the problem is that employees don’t even read what their stuff is. And then they go and have something done, and then they find out, oh, that’s not covered.”—Sierra Vista*

Participants didn’t believe that caps of \$5,000 or \$10,000 were high enough and pointed out that a relatively minor issue could easily exceed those amounts. They said such a plan might benefit employers because of lower costs, might benefit a healthy person, and might be better than no coverage at all.

*“If this was the only option that was able to be offered, then it’s better than nothing.”—Sierra Vista*

### Bisbee

Bisbee participants said that such a plan would need to be very low cost. When probed, they stated a figure of under \$100 a month in premiums. One pointed out that most people could afford a \$5,000 healthcare bill, but would lose their homes if faced with a \$200,000 bill, hence catastrophic coverage was more important than minimal benefits. Some agreed, while others said that it might be a good option for people who would otherwise have no coverage. One suggested offering an option that linked a minimal benefits plan with a catastrophic coverage plan.

*“Who ever heard of a \$5,000 surgery?”—Bisbee*

*“It’s better than nothing. Minimal is better than zero.”—Bisbee*

*“It sounds like insurance where if you make \$40 too much for AHCCCS, but you can’t afford full insurance, that could be something in the interim, in the middle there.”—Bisbee*

*“I think it would be an excellent thing to start off with, to have a low-cost plan with caps on it. I would suggest that if such a plan was employer-paid...you could have a simple tier structure that you could have the employee pay an extra \$50 a month to have catastrophic coverage.”*

### **Nogales**

The Nogales participant said a minimal benefit plan was a good idea.

*“I think that’s very important. That’s something that we need.”—Nogales*

### **Tucson**

One of the Tucson focus groups said that a minimal benefit plan did not provide enough coverage, but might be an option for low-wage workers who would otherwise go without health insurance.

*“I don’t understand the purpose of something like that. I’m willing to pay for what I can afford. There are some things that you have to have done, so \$5,000 doesn’t do a lot for you to pay medical costs.”—Tucson*

*“I’d like to see an optional plan—not the only plan you offer your employees, but maybe a choice.”—Tucson*

In general, the second Tucson group was more positive about a minimal benefits plan, although they voiced concerns about the amount of paperwork it might entail. One participant suggested a better approach would be an affordable health plan that focused on preventive care and provided catastrophic coverage.

*“Anything that can get healthcare to more people is probably beneficial all the way around...If people don’t have health insurance, they don’t want to go to the doctor, so they come in sick, and they get everybody else sick.”—Tucson*

*“It seems the lower cost something gets, the more paperwork goes along with it. You have to keep it simple.”—Tucson*

### **Yuma**

Participants in Yuma said that catastrophic coverage is more important than covering lower-cost expenses. They pointed out that employees often don’t understand benefit limitations and think they have more coverage than they do.

*“You can make payments on \$5,000. You can’t make payments on \$350,000.”*

## HEALTH SAVINGS ACCOUNTS

**While some reported positive experiences with HSAs, others were concerned that low- and middle-wage workers could not afford premiums for the required high-deductible health plan and would not have funds available to establish and maintain a reasonable HSA balance.**

Participants were asked their opinions about Health Savings Accounts. The moderator explained that a Health Savings Account, or HSA, is like an IRA, but specific to healthcare. An HSA allows you to save pre-tax dollars for your future medical expenses, which might include co-pays, coinsurance, drugs, equipment, supplies, or if you are laid off, COBRA premium payments. Unlike Medical Savings Accounts (MSAs), the funds in an HSA collect interest and roll over each year, so you never lose your unused balance. In order to add money to an HSA, you must be enrolled in a High Deductible Health Plan that meets or exceeds federal requirements.

### Sierra Vista

One Sierra Vista participant described a positive experience with an HSA, and when another expressed concerns about administrative costs, she replied that employees handle administration on their own. Some were concerned that employees would not make appropriate contributions.

*“We offer point-of-service and the health savings account. We offered that because we had some employees that could not afford the POS, yet they wanted something, so this was an option. And then some that are higher paid are using it as a tax shelter. For us, it was an option for the people who could not afford the POS. We contributed the same amount for the POS or HSA. It’s been good for our company.”—Sierra Vista*

*“You have to have an employee census that are very well educated and very disciplined to put the money in. The average guys are not going to put the money in.”—Sierra Vista*

### Bisbee

Bisbee participants said that HSAs are not feasible because middle- and lower-income people won’t or can’t save, and that administrative hassles discourage employee interest.

*“Tax credits and plans such as that are absolutely no use to middle-class or lower-class people, and that’s basically what we’re talking about in Cochise County. It’s of no use whatsoever, because every penny that we make is going toward our everyday life needs. There is no extra money to invest in a health account...The reality is, the people of Arizona, there are very few people outside of those who live in select neighborhoods of Tucson, Phoenix, and Flagstaff that can afford health savings accounts. Very few people.”—Bisbee*

*“The genesis of the health savings accounts came from the banking industry, the insurance industry, and the pharmaceutical companies. That was written into one of the Republican administration proposals, and then written into law. Those are the people that wrote them, not people like us.”—Bisbee*

## **Nogales**

The Nogales participant was not familiar with HSAs but thought it sounded like a good idea.

## **Tucson**

One of the Tucson focus groups expressed diverse opinions about HSAs. Some voiced support, while others said they had concerns about administrative costs. Some said that the cost of a high-deductible plan was too expensive for them to afford, while others did not find this to be the case.

*“There are tax benefits. I think HSAs are a great way to shelter some money and get benefit out of it. And it gives you a lot more choices.”—Tucson*

*“High-deductible health plans are not exactly a bargain, either. I had one of those and in one year the premiums went up 40 percent.”—Tucson*

The second Tucson group was not supportive. They voiced concerns about paying high premiums for coverage that is only catastrophic, not preventive, and said that HSAs and high-deductible plans are not affordable for low-wage workers.

*“They can barely make their bills. My employees who get paid seven or ten bucks an hour can’t afford to do that.”—Tucson*

*“If they can’t imagine spending \$100 a month to get health insurance, I can’t imagine trying to sell them on the idea of a health savings plan. It’s not going to happen.”—Tucson*

## **Yuma**

HSAs were strongly supported by one Yuma participant, while the others were less positive. They pointed out the need to be sure that a high-deductible plan is coupled with catastrophic coverage.

## PREGNANCY AND DELIVERY CARE

**The option for pregnancy and delivery care coverage was viewed as extremely important.**

Participants in Sierra Vista, Bisbee, Nogales, and Tucson described coverage for pregnancy and delivery care as “very important” and “essential.” In Yuma, participants said such coverage should be an option. Bisbee participants were concerned about the high cost of premiums and the waiting period before coverage begins. The focus group comments demonstrated much stronger support for maternity coverage than was suggested by responses to the written survey completed prior to the discussions.

*“If you don’t offer that care for the mother and child, bad things can happen.”—Sierra Vista*

*“The employee will walk [without coverage for pregnancy/delivery], he’ll go find it somewhere else.”—Sierra Vista*

*“In the bigger picture of things, do we want to live in a society that takes care of unborn children to get them born and make sure that they are healthy, make sure that the mother is healthy and gets enough time with her kids? That’s the kind of society that I would want to live in. I think it’s very important that that kind of coverage is available for those who need it.”—Bisbee*

*“We’re talking about the health of the population that’s coming forward. And we all know the problems with fetal alcohol syndrome, drug abuse, all kinds of transmitted issues that children are born with. Getting prenatal care and education on that end is going to provide us with a better community all the way around.”—Tucson*

## EMPLOYEE WELLNESS

**While employee wellness programs were viewed as underutilized and not an important component of health insurance coverage, participants emphasized the importance of covering and promoting preventive healthcare services.**

### Sierra Vista

Sierra Vista participants said that employee wellness programs are extremely important, especially the education component, although it is hard to get people to use such programs. The group talked at length about the importance of preventive care, and suggested using information technology to deliver educational programs. They mentioned the importance of “shared responsibility,” with individuals taking responsibility for their own health and wellness.

*“If they don’t have a lot of education, and they’ve been frustrated with education, they’re not going to go.”—Sierra Vista*

*“It’s in your own interest to try to keep your employees well, because if they are sick, you are the one who can’t serve your customers and can’t get the job done properly.”—Sierra Vista*

*“You’d almost have to set them up during working hours and make it mandatory that they’re there, and then you’ve got to pay them their wage to be there...And then you’re taking the resources that we need to be productive as a small business, and there are only so many hours.”—Sierra Vista*

*“With information technology, I see us being able to go on the computer, download a video, and this family that I just gave as an example, learn how to take care of the baby right off the T.V. They watch it all the time, anyway.”—Sierra Vista*

*“I think it’s important. You do a certain amount. You do the fliers in their paychecks. And then they have a certain responsibility as well.”—Sierra Vista*

### Bisbee

Bisbee participants said that employee wellness is important, but few people participate in programs because they are too busy with work and family responsibilities. They said that education important, and stressed the need to get physicians involved in wellness.

*“I think it’s a great idea to educate people about healthy alternatives.”—Bisbee*

*“I have a mixed opinion of that. As a long-term government employee, I have always watched about 3 to 5 percent of the people participate in those, and the rest not.”—Bisbee*

*“Everyone thought it was a great idea, but no one ever finished the program.”—Bisbee*

*“I think we missed the boat when we talk about prevention and putting all the onus on the individual person. I think we need to educate the medical community, those that are providing the service, and I’m not always sure that that’s there. The doctor is in an awful big hurry to see you and get you out in 10 minutes because he’s got a long day, and the time of discussing more than one issue with the doctor on your health is gone.”—Bisbee*

## **Nogales**

The Nogales participant said that employee wellness is important because people need to be healthy to work.

## **Tucson**

One Tucson group said that people don't use employee wellness programs, and education is needed to increase participation. They voiced concerns about paying for employee wellness as part of an insurance package, both for cost reasons and because programs can take time away from business activities.

*"They are good in theory, but nobody takes advantage of them in my office. They are too busy."*—Tucson

*"[Wellness programs are] elaborately packaged common sense that you're paying for."*—Tucson

*"With an education component encouraging the use of those services, then more people take advantage of them."*—Tucson

The second Tucson group said that personal responsibility for wellness is important, but wellness programs are underutilized, and it takes a lot of work to encourage employees to use wellness benefits.

## **Yuma**

Yuma participants said that wellness programs are not used by employees, and do not need to be part of a health insurance package. However, they stressed that coverage for preventive care is important.

*"People who are interested in health and wellness are already doing something about it."*—Yuma

*"The Healthcare Group of Arizona program, their HMO program...the preventive things are very much included. It is one of the few affordable health programs, and the hospital did sign the contract for that. We're going to have it in Yuma County now. It's just now available."*—Yuma

## EXECUTIVE WELLNESS

**Little support was voiced for executive wellness programs; participants questioned the relevance of such programs to their businesses and questioned the fairness of offering more extensive services to higher-level employees.**

### Sierra Vista

While one Sierra Vista participant reported a positive experience with an executive wellness program that she used to lose weight, and another was aware of a person who had success with a company-sponsored weight-loss program, the rest of the group did not express interest in executive wellness.

### Bisbee

Most Bisbee participants said that executive wellness programs were not relevant to businesses in their area. One business reported offering gym memberships to “higher echelon” employees, make it a “kudos” tied to higher status in the company.

*“I think you’re talking to the wrong crowd.”—Bisbee*

### Nogales

The Nogales participant said it sounded like a good idea if a business is in a position to offer it.

### Tucson

Both Tucson focus groups said that executive wellness programs were not relevant to their businesses. Participants in one group also objected to offering executives higher-level care than others.

*“I think we’re all small businesses. Get real.”—Tucson*

*“Part of the problem with our current healthcare system is that it is a two-tiered system. So I certainly wouldn’t advocate spending any money on services that are only for one special group. It should be for everyone in the workplace.”—Tucson*

*“I think everybody should have that basic, bottom-line [diagnostic] testing.”—Tucson*

### Yuma

Yuma participants said they had no need for an executive wellness program.



## COUNSELING AND SUBSTANCE ABUSE

**While some participants strongly urged coverage for counseling and substance abuse services, noting the prevalence of mental health issues and the stress encountered in the workplace, others questioned coverage for “self-inflicted” substance abuse problems.**

### Sierra Vista

Sierra Vista employees would like to make counseling and substance abuse coverage available, but had concerns about the affordability of premiums.

*“If people have that issue, you can have a good employee that somehow gets mixed up in the wrong things, or entered into depression for whatever reason, and if you want to retain them, it’s vital to have something like that to keep them on.”—Sierra Vista*

### Bisbee

Bisbee participants were very positive about offering coverage for counseling and substance abuse. They talked about the need for more access to mental health care facilities in the community, and said that needed facilities do not exist.

*“That’s really part of being a whole, healthy human being.”—Bisbee*

*“To me, mental health would be more important than substance abuse.”—Bisbee*

*“My husband has said that he’s an underpaid psychiatrist because he’s had to try to talk people out of suicide, he’s had to talk to people about eating disorders. We’ve run the gamut. We’ve said we should hire a full-time counselor.”—Bisbee*

### Nogales

The Nogales participant said that counseling and substance abuse coverage would be “very good.”

### Tucson

Most participants in one of the Tucson focus groups said that counseling and substance abuse coverage are very important. Some expressed concerns about substance abuse becoming part of the medical record.

*“I think it’s very important. The stress of the work world, and the whole family balance issue, is such that everybody is under great stress. Having the option of mental health counseling is a critical factor in terms of people’s success and survival.”—Tucson*

*“You can go to Alcoholics Anonymous or Narcotics Anonymous for free and your employer need never know.”—Tucson*

*“If you file claims on that, that can really hurt you down the road when you’re applying for re-coverage. Those things are held against you.”—Tucson*

In the second Tucson group, some distinguished between “self-inflicted” substance abuse and mental health care. Most said that behavioral health coverage is important.

*“I have people in my family who have behavioral health, mental health issues. To me, it’s no different than any other medical condition. They can’t control it, it’s nothing they choose, it can be controlled with medication and with regular therapy sessions, and to me it’s no different than having diabetes or a heart condition or anything else.”—Tucson*

## **Yuma**

Participants in Yuma said that counseling and substance abuse coverage are not affordable, and they don’t want employees who need those services.

*“I put it as somewhat important. If you need it, it’s nice to have, but again, you have to keep things affordable.”—Yuma*

*“It’s a luxury. I can’t afford it.”—Yuma*

*“I can’t have an employee that has those kinds of issues. In my type of environment...you can’t have that.”—Yuma*

*“Self-induced stuff is hard for me, especially for a business owner that does provide health insurance.”—Yuma*

## HEALTH INSURANCE IN CONTEXT OF BUSINESS CONCERNS

**Offering health insurance coverage was described as a high priority by all participants and “the right thing to do,” but many small businesses cannot afford the cost of premiums.**

Participants were asked to consider the many issues they face in running their businesses and describe where the provision of health insurance benefits fits.

### **Sierra Vista**

Sierra Vista participants said that offering health insurance is a major concern. They were in agreement that “it’s the right thing to do,” but said that high cost is a barrier.

*“No matter whether I’m insured by my employer as I am now, or I’m trying to find insurance for my own business, it’s always up front because of my experiences with medical problems. It’s something that I think of all the time. If I want to switch employers, does the new employer offer benefits. It’s always up front, especially as we get older.”—Sierra Vista*

*“To us, it’s very important morally to try to take care of our employees, but if it comes down to keeping the company going or offering health insurance, the health insurance is going to go.”—Sierra Vista*

*“When we sat down to do our business plan, it was a primary issue, because we knew that the people that we needed to run the business would not stick around if we didn’t have it...We had to build our business plan around that.”—Sierra Vista*

*“It’s something we definitely want to do, but this month, with the mortgage and the taxes, I don’t know if I’m going to meet payroll. And we’re not offering healthcare coverage.”—Sierra Vista*

### **Bisbee**

Bisbee participants want to offer health insurance, but most can’t afford it.

*“It would be wonderful if we could afford it to be able to offer it to people, because it truly would build longevity with employees. It’s a wonderful benefit, but the fact is, we can’t.”—Bisbee*

### **Nogales**

The Nogales participant described health insurance as her second business priority.

*“Number one is making it in business. Health insurance is very important. It would be number one, but first we have to get the business.”—Nogales*

### **Tucson**

Tucson participants described health insurance as important but an uncontrollable expense that many found unaffordable. Some mentioned challenges in getting employees to understand the benefit of health insurance.

*“It is, right now, a high priority. I do have another year to look for insurance. But it’s very stressful, because I feel very accountable to these employees who need it. There’s family coverage, there’s children. I don’t know what I’m going to do.”—Tucson*

*“It’s very important to me to be able to offer it, but it is one part of my business where I have little control. It’s rent, quarterly taxes, insurance, in that order...double-digit increases every year with no warning. It’s killing us.”—Tucson*

*“I would love to be one of those premium job offerers, so that people want to come to work for me because they can have benefits.”—Tucson*

## **Yuma**

Yuma business owners said that if health insurance was affordable, it could help with retention. Although they said offering coverage was “the right thing to do,” they emphasized that employers should not be forced to provide insurance. They opposed greater government involvement in providing or mandating health insurance coverage.

*“I don’t know if it’s going to help me with retention. I know it’s going to hurt my bottom line, at least initially, and I still just think it’s the right thing to do, and we’re going to do it, in some way, shape, or form, move ahead with it...We’ve been at it for 18 years, and we’re just now to where we can think about it, and it’s only because there is something that’s somewhat affordable [Healthcare Group of Arizona].”—Yuma*

*“It’s not really a business responsibility to provide health insurance. It may be the right thing to do, but it should never be assumed or forced on an employer to provide something like that.”—Yuma*

## SUPPORT FOR POLICY INITIATIVES

Focus group participants were asked to review the list of alternative health coverage initiatives listed in the written survey that could be implemented in Arizona to increase access to affordable insurance coverage. They were asked if any of the potential healthcare coverage initiatives seemed stronger, more relevant, something that they could fully support, and if they had any specific objections or questions about any of the potential initiatives.

### Sierra Vista

Participants in Sierra Vista expressed support for enacting insurance rules to allow the formation of small business association health plans that encourage purchasing pools, and encouraging government-negotiated insurance premium caps. Some participants were knowledgeable about eliminating the “bare period” for insurance eligibility, and after they explained the issues to other participants, all agreed that the legislation “made no sense.” They opposed expanding tax credits to help offset the cost of health insurance premiums, saying it would increase paperwork and that premiums should be made affordable to start with. They also opposed universal coverage, which they described as “the Canadian system.”

*“If you’ve got a bunch of small businesses together in a pool, you have a much larger base and maybe the premiums would be lower, and then the costs would go down for the businesses.”—Sierra Vista*

### Bisbee

Bisbee participants strongly supported universal coverage and eliminating the “bare period.” They opposed expanding tax credits and low-cost minimal benefits plans. There were mixed opinions about purchasing pools.

*“I’ve spent this past spring and summer, back and forth to Phoenix, testifying about this bare period. I was so incensed about that...I was specifically talking about non-profits. We are in the business of carrying out the state’s business. We take care of the kids, we take care of the sick people, we take care of the homeless, yet we can’t get a break...because Blue Cross Blue Shield campaigned to get that into law, and therefore, it eliminates a lot of people, small businesses like ours. We have three or four employees, and we’re offering health insurance. Am I going to ask our employees to go bare of insurance for six whole months?”—Bisbee*

*“Tax credits don’t work. Forget that. Nobody in this county and probably most of southern Arizona could benefit from tax credits. Tax credits are basically just a new pair of tennis shoes for the kids.”—Bisbee*

*“Allowing the insurance companies to offer low-cost benefit alternatives that cover only minimum medical services. This is dangerous, I think. And the danger is that most of our employees look only at the dollar amount and they are not savvy enough to really investigate what they are getting.”—Bisbee*

*“Because I’ve been investigating this for about a year, I’m a little suspect of insurance pools that are out there. Most of the pools I find very inadequate.”—Bisbee*

## **Nogales**

The Nogales participant supported the expansion of tax credits, premium subsidies, and eliminating the “bare period.”

*“I feel that we pay so much in taxes, that could be one of the things that helps us with insurance.”—Nogales*

## **Tucson**

Tucson participants in both focus groups supported allowing purchasing pools and expanding tax credits. Participants in one of the groups said that state-based reinsurance arrangements would be beneficial. Participants in the other group supported premium caps and universal coverage. Some favored premium subsidies, while others wondered if it would end up costing businesses more money. Both Tucson groups asked for an explanation of the “bare period,” and they voiced strong support for eliminating this requirement.

*“The direct subsidy to help pay for the low-income workers would be another good opportunity...a lot of us have employees over that level, stuck in that middle range that doesn’t get assistance either way.”—Tucson*

## **Yuma**

Most Yuma participants supported purchasing pools, while one expressed strong opposition. Some supported expanding tax credits, while others said, *“they’d turn around and take it out of the other pocket.”* They voiced support for state-based reinsurance arrangements. When asked about objections, they all agreed that they want to avoid government support for healthcare.

*“Reinsurance levels out some of the spikes. There’s some possible merit there.”—Yuma*

*“I object to any government supports.”—Yuma*

## EXPANDING ELIGIBILITY FOR PUBLIC PROGRAMS

**While participants in most locations supported expanding eligibility for AHCCCS and KidsCare in order to provide coverage for the “working poor,” they expressed concerns about additional tax burdens, and Yuma participants opposed any expansion of government spending.**

The written survey completed prior to the focus group discussions asked participants to indicate their level of support for “expanding existing public programs (i.e., Medicare, AHCCCS, KidsCare) to provide greater coverage.” Response choices were “Totally Supportive,” “Mostly Supportive,” “A Little Supportive,” “Not At All Supportive,” and “Don’t Know.” On a scale of 1-4, where 4 indicates “Totally Supportive,” the mean response was 1.85 (n=40). This tied for last out of the 10 insurance coverage initiatives presented on the survey.

During the focus group discussions, participants were asked if they believed the government should take a larger role by expanding eligibility for AHCCCS, which is Arizona’s Medicaid program, or KidsCare (also called SCHIP, the State Children’s Health Insurance Program).

### Sierra Vista

Sierra Vista participants expressed concerns about what they termed the “notch group,” which they described as working people who don’t have the education or skills to get jobs that offer health insurance, but who make too much to qualify for AHCCCS. While they supported considering the expansion of eligibility to address the needs of this group, they expressed concerns about the cost to taxpayers.

*“You know, there’s a theory out there, that people that are on AHCCCS or getting that type of health benefit, when they go to work, inevitably, they are working at a minimum wage job or just above minimum wage, and they get up to a certain point and AHCCCS drops them off. And they can’t recover. As soon as they get dropped off is when they’re going to get sick. There is a big notch group...It’s just hard for those people to get jobs that have insurance.”—Sierra Vista*

*“There needs to be a step-up coverage. When they are almost to that point when AHCCCS is going to drop them off, let AHCCCS provide something so that they can bridge that gap until the next level where they are covered by the employer or they can buy their own insurance.”—Sierra Vista*

*“The working poor definitely need health coverage.”—Sierra Vista*

*“It depends on how much taxes are increased.”—Sierra Vista*

### Bisbee

All participants in the Bisbee group agreed that eligibility should be expanded, and people should be allowed to work and maintain AHCCCS benefits.

*“It’s almost forcing people to stay under the poverty line to qualify for AHCCCS.”—Bisbee*

*“I’ve had employees refuse raises because they say it’s going to hurt me more than it’s going to help me right now.”—Bisbee*

## **Nogales**

The Nogales participant said that it is important to expand eligibility for working people who are in the country legally, but in a border town, it is important to make sure people are actually eligible.

## **Tucson**

In one Tucson group, participants initially expressed support for expanding eligibility, saying they want low-wage workers to be able to improve their income without losing health coverage. As the discussion continued, they said that they don't want to cover everyone in the state, and support for expanded eligibility diminished. The second Tucson group said that their opinion depended on how much eligibility would be expanded, saying that it was important to balance the benefits of greater eligibility against the cost to taxpayers.

*"Expanding it, it's too hard to say where to draw the line."—Tucson*

## **Yuma**

Participants in Yuma opposed expanded eligibility, and one expressed resentment at the high level of services provided to AHCCCS recipients.

*"It's already out of control. It's expanded greatly beyond its original scope."—Yuma*

*"I just recently had an MRI on my ankle, and through the doctor and me negotiating with the company—because I paid for the whole thing—we got a pretty good price on it. But, it was just for the MRI. People with AHCCCS come marching in, and they get the MRI, and the x-rays, and all the frills that go with it. And they're getting cash out of my pocket, and I have to negotiate to get the bare bones deal."—Yuma*



## PREMIUM SUBSIDIES

**Participants in most locations supported premium subsidies for low-income workers, while those in Yuma opposed subsidies and called for greater control of healthcare costs.**

The written survey completed prior to the focus group discussions asked participants to indicate their level of support for “offering premium subsidies for employees with incomes below 200% of the federal poverty level.” Response choices were “Totally Supportive,” “Mostly Supportive,” “A Little Supportive,” “Not At All Supportive,” and “Don’t Know.” On a scale of 1-4, where 4 indicates “Totally Supportive,” the mean response was 1.91 (n=35). This ranked 8th out of the 10 insurance coverage initiatives presented on the survey.

Participants were asked if they believed subsidies should be used to help pay premiums for low-income workers.

### **Sierra Vista**

Sierra Vista participants viewed premium subsidies as “a viable alternative.”

### **Bisbee**

Bisbee participants were supportive of premium subsidies in the short term, but said it would not be a permanent solution. They distinguished between the working poor and those who do not work.

*“It’s a band-aid.”—Bisbee*

*“What you’re essentially doing is, you’re building on an inadequate, not very good system to begin with. So you add subsidies. So you add tiers. So you add more choices. But the basic program is not really sound...I would rather see the State of Arizona take a closer look at what Massachusetts and Vermont are doing in universal coverage...so you don’t have this problem of people coming up against an income level if they are too poor, or working class.”—Bisbee*

*“I would prefer a subsidy versus AHCCCS paying for people who aren’t working at all. If you have a severe disability and can’t work in any way, then you need coverage. But if you’re not working, and just say, ‘Oh, I can’t find a job’—I’m not buying it. I would prefer my lower income workers to get covered, than to have someone who is not working at all to get medical insurance. It’s not fair to those people who are out there working hard.”—Bisbee*

### **Nogales**

The Nogales participant supported premium subsidies.

### **Tucson**

Both Tucson focus groups supported premium subsidies, especially as alternative to people remaining at a very low-income level in order to retain AHCCCS eligibility.

*“As long as people are out there working, it’s not their fault.”—Tucson*

*“They can’t work full-time because they’d lose their benefits. If I could hire them full-time and they wouldn’t lose their benefits—subsidies for their health insurance, that would be good.”—Tucson*

### **Yuma**

Yuma participants did not support premium subsidies, saying they wouldn’t be necessary if healthcare costs were controlled. They expressed anger about the difference in prices insurance companies can negotiate with providers compared to individuals who pay cash.

*“If they’d get rid of gouging insurance companies and get tort reform and get rid of the government programs, and made health insurance truly affordable, then people and businesses would have it.”—Yuma*

## UNIVERSAL COVERAGE

**Most supported increased federal and state efforts to provide universal coverage, while some voiced concerns or opposition.**

The written survey completed prior to the focus group discussions asked participants to indicate their level of support for “increasing federal and state efforts to provide universal coverage.” Response choices were “Totally Supportive,” “Mostly Supportive,” “A Little Supportive,” “Not At All Supportive,” and “Don’t Know.” On a scale of 1-4, where 4 indicates “Totally Supportive,” the mean response was 1.95 (n=39). This ranked 7th out of the 10 insurance coverage initiatives presented on the survey.

During the focus group discussion, participants were asked their thoughts about universal coverage.

### Sierra Vista

Some Sierra Vista participants voiced support for providing care for all people, but asked who will pay for it. One participant cited Canada as an example of problems associated with universal coverage; she said that the number of people seeking care overwhelms the system, doctors leave, and people are on waiting lists for care.

*“In a perfect world, everybody should have healthcare insurance. It’s a question of money.”—Sierra Vista*

### Bisbee

Bisbee participants expressed strong support for universal coverage. Some favored a single-payer system, and others felt they needed more information before expressing an opinion about the optimal payment approach. One participant raised concerns about the government regulating healthcare decisions and the impact on quality of care.

*“I believe in universal healthcare, and I don’t think it should be on the back of anybody, any company. That is something we in this country are due, period. It amazes me that private industry, and the insurance and pharmaceutical industry, have stood in the way of that for years.”—Bisbee*

*“I agree with you on universal care. The caveat I want to throw in is that any kind of care like that meets the same quality standards that a paid, insured person [gets].”—Bisbee*

*“I advocate a universal system that would not have income disparity, same coverage for everybody. There’s quite a few problems with the Medicare and Medicaid systems, however, their administration costs are estimated to be about 4 to 5 percent of the total program. Private insurance administrative costs are estimated to be somewhere in the area of 18 to 20 percent. That’s administrative, that’s not profitability.”—Bisbee*

*“Whether you have co-pays or whatever the structure is, I think it takes a whole lot of contention out of life. There’s a whole unmeasured kind of effect of not having insurance...It takes its toll in*

*terms of stress, and that causes more problems within families, between businesses and individuals, and within individuals.”—Bisbee*

*“It should be a priority for policy makers.”—Bisbee*

*“We’ve disenfranchised a third of America. They have no access to the greatest healthcare system in the world.”—Bisbee*

## **Nogales**

The Nogales participant supported universal coverage.

## **Tucson**

Both of the Tucson focus groups were mixed in their opinions about universal coverage, with some voicing strong support and others opposition. Some said they feared loss of control and less timely access to services. In general, participants said there should be further exploration of universal coverage.

*“I think I favor it in theory, but I know I’m very fearful about what it would really look like.”—Tucson*

*“I can’t believe there’s not a solution here if people are willing to work together. We need to say, this is how it’s going to be, we’re going to figure out a way. Because every American has the right to go to school, we have the right to healthcare...It bothers me that if I committed a crime and was in jail, I’d have healthcare. I’m a tax-paying citizen, I go to work every day, I’ve never committed a crime, and the fact is, I can’t afford healthcare.”—Tucson*

*“I think the truth is, we do have on a federal level, on a state level, the ability to put together universal healthcare. We have the money, it’s definitely there, it’s the question of where have the priorities been putting this money out there...And it would be better than Canada, better than Sweden, there’s no doubt in my mind. It’s just a matter of who is prioritizing the expenditures.”—Tucson*

## **Yuma**

Yuma participants opposed universal coverage.

*“Horrible idea.”—Yuma*

*“Implement the reforms I was talking about [tort reform, controlling costs] and you’ll have near-universal coverage through private enterprise.”—Yuma*

## PURCHASING POOLS

**Participants strongly supported encouraging purchasing pools by enacting insurance rules to allow the formation of small business association health plans.**

The written survey completed prior to the focus group discussions asked participants to indicate their level of support for “enacting insurance rules to allow the formation of small business association health plans that encourage purchasing pools.” Response choices were “Totally Supportive,” “Mostly Supportive,” “A Little Supportive,” “Not At All Supportive,” and “Don’t Know.” On a scale of 1-4, where 4 indicates “Totally Supportive,” the mean response was 2.58 (n=39). This ranked 1st out of the 10 insurance coverage initiatives presented on the survey.

During the focus groups, participants were asked if it would be important to them to be able to join together with other businesses to become part of a larger pool in order to negotiate insurance premiums.

### **Sierra Vista**

All of the Sierra Vista participants agreed that purchasing pools would be important, but some expressed concerns about disclosing pre-existing conditions.

### **Bisbee**

Bisbee participants voiced interest in purchasing pools, but said they would prefer universal coverage.

### **Nogales**

The Nogales participant said she supported purchasing pools.

### **Tucson**

In one of the Tucson focus groups, participants initially expressed interest in purchasing pools, but then a participant who worked in insurance voiced concerns that were echoed by others, who noted that even large corporations are unable to control health coverage costs. One participant advocated for a risk pool with a premium cap. The other Tucson group was supportive of risk pools.

*“The history and experience that I’ve had, where they have had associations, the costs have spiraled out of control, to where those pools became very sick, and the costs were just exorbitant, and they ended up crashing.”—Tucson*

*“Based on the parameters of what’s available right now, it probably takes the least amount of tweaking to the system in order to get it operational quickly.”*

### **Yuma:**

Most Yuma participants said that purchasing pools were a good idea if done correctly.

## OTHER POLICY ISSUES

Participants were asked if they had any other thoughts about policies that affect health insurance coverage.

### Role of Government

Participants in several groups noted that they have mixed feelings about the proper role of government regarding healthcare coverage, and they recognized that their opinions are in some cases inconsistent.

*“At first I checked [on the survey] that I supported premium caps for negotiating insurance, but then I started thinking, I kind of get tired of government. I wish there was a way it wasn’t so expensive to start with. All this micromanaging, telling the doctors what should be done and what shouldn’t be done. My answers don’t make sense, because some of them I want the government involvement, and some I’m like, get them the heck out of it.”—Sierra Vista*

### Personal Responsibility

The role of personal responsibility in maintaining health was raised in a number of focus groups, often in the context of emphasizing the importance of health insurance coverage for preventive care. There was strong sentiment that a focus on wellness and personal accountability are important.

*“It’s an issue the government has to resolve. How important are our people, and what element is our responsibility as individuals to maintain our health and take care of ourselves?”—Tucson*

### Malpractice and Tort Reform

Participants in a number of groups raised the issue of the impact of malpractice claims on the costs of healthcare and advocated for tort reform.

*“They need to put a cap on malpractice insurance.”—Sierra Vista*

*“I’m in favor of universal coverage provided that we can enforce some sort of legislation that gets rid of frivolous lawsuits. I think doctors’ insurance has gone through the roof, because people want to sue them for every darn little thing that goes wrong. They blame it on the doctors, when really, life happens sometimes. I think if we don’t do that, we’re going to bankrupt ourselves because government comes back to us as business owners and as individuals for taxes. So it all goes in a circle.”—Bisbee*

*“The malpractice, that’s why the doctors are raising [costs] more, because we’re a sue-happy nation. The insurance companies are the winners.”—Tucson*

*“Tort reform is the biggest problem we have in society in general, not just healthcare. It’s the root cause of almost any problem we have.”*

*“Lawyers are promoting it. They create this perception with John Q. Six-Pack. This ad this gentleman has on T.V. now, if you have a motorcycle accident, we’re going to set you up for life.”—Yuma*

## Undocumented Immigrants Utilizing Medical Services

A number of participants voiced resentment about what they perceived as the high cost of providing emergency medical care for undocumented immigrants. One mentioned the public's belief that undocumented immigrants are eligible for the full AHCCCS program, not just emergency AHCCCS.

*"Get the illegals out of Arizona. Right after that big, huge wreck in Sonoita, where they had helicopters and ambulances and everything, my son cut himself at Patagonia Lake and had to be transported in an ambulance, so I had to pay \$1,000 for my son, and I know that they'll never see a penny of that money for the helicopters."*—Sierra Vista

*"I'm Mexican-American. I feel sorry for these people that can't get help in their country. That's why they come to ours...But I hate to hear my insurance agent say, well, all these bills aren't getting paid, and that's why your insurance is going up...Why should I pay because of them getting into car accidents because they are trying to get away from the border patrol?"*—Nogales

*"Can I ask something? If you're an illegal alien, from Mexico, wherever, do you qualify for AHCCCS?" Moderator responded, "No, just emergency AHCCCS." Participant replied, "You see, a lot of people think they can go on AHCCCS. That's a hot button."*—Tucson

## Health Insurance Company Profits

Some participants said that the appropriateness of health insurance company profit levels should be discussed.

*"I wondered how other people felt about insurance companies and whether they should be making a profit." Others responded strongly that they should not be making a profit and cited the UnitedHealthcare indictment on backdating stock options. Some said that more government and "socialized medicine" is not the answer, and others said healthcare should be driven by profit, because "it ensures quality, on some level."*—Tucson

*"I have a comment against the industry as a group. Doctors complain that when they treat someone, they only get paid a fraction by the HMOs or healthcare organizations of any kind. Yet we hear, we open the Wall Street Journal, the head man at this group is complaining because he's only making \$20 million this year...What would be the results of looking into the industry and saying, what is the proper amount to pay for what somebody earns? Can't we get more money down to the doctors to offer care? So they are not cutting services, and can get paid for it."*—Tucson

## End-of-Life Care Issues

One participant voiced concerns about the impact of large expenditures of resources at the end of life on the overall costs of healthcare.

*"Care at the end of life costs more than the entire lifetime of care. And it's for naught in 99 percent of the cases in my forty years as a nurse. We need to rethink where we are going."*—Sierra Vista

## APPENDIX A: FOCUS GROUP DISCUSSION GUIDE

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Appendix A presents the focus group discussion guide used for groups that included businesses that did and did not offer healthcare coverage to employees. For the focus groups in Tucson that segmented businesses by coverage status, only the questions relevant to the specific group were asked.

*Moderator will listen for differences across demographic dimensions and probe as needed.*

My name is Sharon Flanagan-Hyde, and I'm an independent researcher working through a grant from the federal Health Resources and Services Administration, also known as HRSA. We are conducting focus groups to learn more about what is important to small business owners when you make decisions about healthcare coverage. This information will be used by the State of Arizona to improve the products and services provided to employer groups and members.

Your comments will be confidential and presented anonymously in the focus group report. Please be aware that a few individuals who are involved in improving healthcare in Arizona are in the room to hear your comments first hand. We are also taping our conversation to ensure the accuracy of the report. We are conducting other focus groups in southern Arizona, and all the comments will be summarized and not attributed to any individual.

### WRITTEN SURVEY [30 MINUTES]

Before we get started, I'd like you to complete this written survey.

*If participants ask questions while completing survey, the following definitions will be offered:*

**Support state-based reinsurance arrangements to buffer high costs associated with severe medical conditions.** This refers to a state risk pool, which is usually a state-subsidized insurance program for the "uninsurable." These are people who, because of their medical conditions, are unable to find or afford commercial health insurance, and do not meet the eligibility requirements of Medicaid. There are many models of risk pools across the country. Arizona does not currently have a risk pool, although the issue has been introduced legislatively many times with no success.

**Eliminate the "bare period" for insurance eligibility. (Requirement for business to not have coverage for 6-month period before being eligible for insurance.)** There is a 6-month bare period for HCG, but this requirement also exists on commercial products in other states (usually subsidized) designed to meet the needs of uninsured small businesses. Essentially, the business cannot have had insurance for 180 days before they can enroll. Note, this refers to the business itself offering insurance – it does not preclude an individual employee purchasing coverage of their own, or through their spouse.

**Increase federal and state efforts to provide universal coverage.** This is related to the federal and/or state governments developing sufficient incentives for universal coverage, either through a commercial, employer, or publicly supported model.

**Health Maintenance Organization (HMO):** A healthcare system that assumes both the financial risks associated with providing comprehensive medical services (insurance and



service risk) and the responsibility for healthcare delivery in a particular geographic area to HMO members, usually in return for a fixed, prepaid fee. Financial risk may be shared with the providers participating in the HMO.

**Point of Service (POS):** A POS plan is an “HMO/PPO” hybrid; sometimes referred to as an “open-ended” HMO when offered by an HMO. POS plans resemble HMOs for in-network services. Services received outside of the network are usually reimbursed in a manner similar to conventional indemnity plans (e.g., provider reimbursement based on a fee schedule or usual, customary and reasonable charges).

**Preferred Provider Organization (PPO):** An indemnity plan where coverage is provided to participants through a network of selected healthcare providers (such as hospitals and physicians). The enrollees may go outside the network, but would incur larger costs in the form of higher deductibles, higher coinsurance rates, or non-discounted charges from the providers.

**Health Savings Account (HSA):** Like an IRA, but specific to healthcare. An HSA allows you to save pre-tax dollars for your future medical expenses, which might include co-pays, coinsurance, drugs, equipment, supplies, or if you are laid off, COBRA premium payments. Unlike Medical Savings Accounts (MSAs), the funds in an HSA collect interest and roll over each year, so you never lose your unused balance. In order to add money to an HSA, you must be enrolled in a High Deductible Health Plan that meets or exceeds federal requirements.

**Exclusive Provider Organization (EPO):** A more restrictive type of preferred provider organization plan under which employees must use providers from the specified network of physicians and hospitals to receive coverage; there is no coverage for care received from a non-network provider except in an emergency situation.

**Fee-for-Service (FFS):** A health insurance plan that allows the holder to make almost all healthcare decisions independently. The plan holder pays for a service, submits a claim to the insurance company, and, if the service is covered in the policy, receives reimbursement. Fee-for-service plans often have higher deductibles or co-pays than managed care plans.

OK, it looks like everyone has finished. I’d like you to keep your survey until the end of our discussion today so you can refer to some of the information, and I’ll collect them before you leave.

## INTRODUCTIONS [15 MINUTES]

- Now I’d like to go around the table get to know each other a bit. Please introduce yourself by name and company, and tell us what types of products or services you provide, the number and mix of employees, how long you’ve been in business, things of that sort. Also, please tell us whether or not you offer health insurance to your employees.
- What are some of the bigger challenges you face running the business?

## EXPERIENCES [15 MINUTES]

As we've seen from our introductions, we have a mix of employers who do and do not offer health insurance coverage. I'll be asking some questions that pertain only to one group or the other.

From those of you who provide health insurance, we're interested in learning about your experience providing coverage.

- Why is it important to provide health insurance to employees? What specific benefits does the business receive by providing health coverage?
- Would you consider health insurance coverage to be a "good value"? (*If participants ask, "What do you mean by 'good value'?" moderator will ask, "How would you define 'good value'?" and then see if others in the group agree or have different understandings.*)

And from those of you who do not currently offer health insurance coverage, we'd like to know:

- Has your business ever provided health insurance coverage to employees? If so, why do you not do so now? If not, why not?
- Would there be any advantage to your business in providing health insurance coverage?

## BENEFITS [15 MINUTES]

We'd like to hear opinions from all of you on the importance of specific medical benefits that are often included in insurance packages. On the questionnaire you have, a benefits list is included.

- What benefits do you consider most important, whether you offer them now or not?

*For questions below, information in italics will be provided by moderator only if participants ask questions about what is meant by the term.*

What are your thoughts about:

- A low-cost minimal benefit plan? (*A minimal benefit plan would consist of basic medical benefits that would meet the healthcare needs of around 85-90% of healthy individuals. Such a plan usually covers physician office visits, outpatient surgery, preventive services, and diagnostic testing. Some minimal benefit plans also include hospital coverage and drugs. A minimal benefit plan sometimes come with specific dollar limits, such as a maximum payment of \$10,000 per year, or surgery coverage up to \$5000, etc. Minimal benefit plans provide a cost effective way of providing basic medical needs for a low monthly premium.*)
- Health Savings Accounts? (*A Health Savings Account, or HSA, is like an IRA, but specific to healthcare. An HSA allows you to save pre-tax dollars for your future medical expenses, which might include co-pays, coinsurance, drugs, equipment, supplies, or if you are laid off, COBRA premium payments. Unlike Medical Savings Accounts (MSAs), the funds in an HSA collect interest and roll over each year, so you never lose your unused balance. In order to add money to an HSA, you must be enrolled in a High Deductible Health Plan that meets or exceeds federal requirements.*)
- Pregnancy care/delivery services?

- Employee Wellness? *(Employee wellness relates to programs that address the health and lifestyles needs of a workforce. Wellness programs typically include programs to help you stop smoking, lose weight, keep active, manage depression, etc. There are also wellness programs specific to certain medical conditions, like diabetes, high blood pressure, and asthma. The bottom line is that wellness program help keep employees healthy and productive.)*
- Executive Wellness? *(Executive wellness refers to a program, usually for senior executives, that include a comprehensive diagnostic exam and screening. Executive wellness programs vary, but usually include a detailed physical examination, cardiac stress testing, extensive lab testing, x-ray and body scans, and health status and lifestyle assessments. The cost of an executive wellness program typically ranges from \$3000 to \$5000.)*
- Counseling/Substance Abuse?

Considering the many issues you face in running your business:

- Where does the provision of health insurance benefits fit?

## **POLICY ISSUES (30 MINUTES)**

We're interested in learning more about the thoughts of small business owners concerning state or federal healthcare coverage policy issues. Please take a few moments to look again at the written questionnaire and review the list of alternative health coverage initiatives that could be implemented here in Arizona to increase access to affordable insurance coverage. In your opinion:

- Do any of the potential healthcare coverage initiatives seem stronger, more relevant, something that you could fully support?
- Do you have any specific objections or questions about any of the potential initiatives?
- Do you believe the government should take a larger role by expanding eligibility for AHCCCS, which is Arizona's Medicaid program, or KidsCare (also called S-CHIP, the State Children's Health Insurance Program)? *(Eligibility for AHCCCS is for individuals at or below the federal poverty level, and lower income people with catastrophic medical expenses. Eligibility for AHCCCS varies depending on a person's income, assets, and household size. Eligibility for Kids Care is limited to children in families earning 200% of the federal poverty level or lower.)*
- Do you believe subsidies should be used to help pay premiums for low-income workers?
- What are your thoughts about universal coverage? *(If participants ask what we mean by universal coverage, moderator will say that we are interested in hearing their views and perceptions—we know there are many proposed models and opinions, and we want to hear their thoughts.) Background: There are many different views on what constitutes universal coverage, and many different models – some rely on existing Medicare or Medicaid programs, other overlay with commercial carriers, others (like Mass) put the burden on employers. For every study that shows universal coverage reduces overall cost there is one that shows the concomitant impact to unemployment (from a reduction in the insurance industry) and the availability of medical professionals (doctors who*

*leave private practice due to insufficient reimbursement or excessive administrative burden associated with a government run program). There are many different views on what constitutes universal coverage, and many different models – some rely on existing Medicare or Medicaid programs, others overlay with commercial carriers, others (like Mass) put the burden on employers. For every study that shows universal coverage reduces overall cost there is one that shows the concomitant impact to unemployment (from a reduction in the insurance industry) and the availability of medical professionals (doctors who leave private practice due to insufficient reimbursement or excessive administrative burden associated with a government run program).*

- Would it be important to you to be able to join together with other businesses to become part of a larger pool in order to negotiate insurance premiums?
- Do you have any other thoughts about policies that affect health insurance coverage?

## **CONCLUSION [10-15 MINUTES]**

*Ask any additional questions as requested by observers.*

As we finish, what else would you like to say about this topic that you have not had a chance to say already?

I'd like to collect your written surveys now.

Thank you very much for your participation this [morning/afternoon]. Your comments have been extremely helpful and we very much appreciate your time. We have gift cards to express our appreciation.

## APPENDIX B: WRITTEN SURVEY

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### Small Business Insurance Coverage

#### *Focus Group Questionnaire*

**Business Name:** \_\_\_\_\_

**1. What type of business do you own or manage?** *(Select the best option for primary business)*

- |  |   |  |
|--|---|--|
| <input type="radio"/> Accommodation and food service   | <input type="radio"/> Finance, insurance, real estate | <input type="radio"/> Retail trade                         |
| <input type="radio"/> Manufacturing                    | <input type="radio"/> Mining                          | <input type="radio"/> Wholesale trade                      |
| <input type="radio"/> Agriculture, forestry, fisheries | <input type="radio"/> Professional services           | <input type="radio"/> Transportation, communication        |
| <input type="radio"/> Construction                     | <input type="radio"/> Public administration           | <input type="radio"/> Repair, entertainment, other service |

**2. How many years has the business been in operation?**

- |  |                                 |                                 |                                  |                                   |  |
|--|---------------------------------|---------------------------------|----------------------------------|-----------------------------------|--|
| <input type="radio"/> Less than 1 year | <input type="radio"/> 1-2 years | <input type="radio"/> 3-5 years | <input type="radio"/> 6-10 years | <input type="radio"/> 11-20 years | <input type="radio"/> More than 20 years |
|--|---------------------------------|---------------------------------|----------------------------------|-----------------------------------|--|

**3. As of today, including management, how many people are employed in the business?**

<b><i>Total number of employees</i></b>	_____ #
<u>Permanent</u> employees:	
Full-time (at least 32 hours/week)	_____ #
Part-time (less than 32 hours/week)	_____ #
<u>Temporary</u> or <u>seasonal</u> employees	_____ #
<u>Contract</u> employees	_____ #

**4. Please complete for all employees, including yourself.**

*If exact answers are not possible, provide best estimates.*

<b><i>Our employees are...</i></b>	<b>Type of Employee</b>				
	<b>Permanent</b>		<b>Temporary</b>	<b>Seasonal</b>	<b>Contract</b>
	Full-Time >32 hrs / wk	Part-Time <32 hrs / wk			
<b><i>Age and sex</i></b>					
a. # Males, less than 25 years of age	___ #	___ #	___ #	___ #	___ #
b. # Males, 25 - 55 years of age	___ #	___ #	___ #	___ #	___ #
c. # Males, over 55 years of age	___ #	___ #	___ #	___ #	___ #
d. # Females, less than 25 years of age	___ #	___ #	___ #	___ #	___ #
e. # Females, 25 - 55 years of age	___ #	___ #	___ #	___ #	___ #
f. # Females, over 55 years of age	___ #	___ #	___ #	___ #	___ #
<b><i>Income</i></b>					
g. Total number of wage employees	___ #	___ #	___ #	___ #	___ #
h. Earning less than \$7/hour	___ #	___ #	___ #	___ #	___ #
i. Earning \$7 - \$10/hour	___ #	___ #	___ #	___ #	___ #
j. Earning \$10 - \$15/hour	___ #	___ #	___ #	___ #	___ #
k. Earning more than \$15/hour	___ #	___ #	___ #	___ #	___ #
l. Total number of salaried employees	___ #	___ #	___ #	___ #	___ #
m. Earning less than \$14,000/year	___ #	___ #	___ #	___ #	___ #
n. Earning \$14,000 - \$20,000/year	___ #	___ #	___ #	___ #	___ #
o. Earning \$20,000 - \$30,000/year	___ #	___ #	___ #	___ #	___ #
p. Earning more than \$30,000/year	___ #	___ #	___ #	___ #	___ #
<b><i>Language</i></b>					
q. Number who primarily speak Spanish	___ #	___ #	___ #	___ #	___ #
<b><i>Insurance coverage</i></b>					
r. Number <u>eligible for</u> health insurance through your company <i>Enter 0 if insurance not offered</i>	___ #	___ #	___ #	___ #	___ #
s. Number <u>covered by</u> health insurance through your company	___ #	___ #	___ #	___ #	___ #
t. Number <u>covered from another source</u> for health insurance	___ #	___ #	___ #	___ #	___ #

# Your Opinions...

## 5. Please circle your agreement with the following statements about health insurance:

<i>Offering health insurance...</i>		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
a.	Shortens the time it takes to find employees	SA	A	N	D	SD
b.	Helps keep (retain) good employees	SA	A	N	D	SD
c.	Improves the quality of job applicants	SA	A	N	D	SD
d.	Is valued by most employees	SA	A	N	D	SD
e.	Helps keep employees healthy	SA	A	N	D	SD
f.	Helps reduce absenteeism	SA	A	N	D	SD
g.	Helps maintain employee morale	SA	A	N	D	SD
h.	Makes it hard to maintain profit margins	SA	A	N	D	SD
i.	Is primarily the employer's responsibility	SA	A	N	D	SD
j.	Is primarily the responsibility of each employee	SA	A	N	D	SD
k.	Is primarily a government responsibility	SA	A	N	D	SD

6. *Whether or not you currently offer health insurance to employees, If you could create your own plan, how important would the following types of coverage be?*

	<i>How important is it to include the following benefits in an ideal plan:</i>	Very Important	Somewhat Important	Not-at-all Important	Don't Know
a.	Doctor visits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b.	Hospital stays	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c.	Emergency coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d.	Prescription drugs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e.	Mental health care and counseling	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f.	Substance abuse treatment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g.	Annual physicals, preventive care	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h.	Dental coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i.	Vision coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j.	Chiropractic coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k.	Home health care	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l.	Medical equipment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m.	Pregnancy and maternity (delivery)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n.	Organ transplants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
o.	Lab tests and diagnostic imaging (e.g., x-rays)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
p.	Employee wellness and health promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

7. **How much would your company be willing to pay each month per employee to get those health insurance benefits identified as “Very Important” in Question #6?** *(Assume coverage would be for the employee only)*

☐ Nothing                      ☐ \$51 - \$100 a month                      ☐ \$201 - \$300 a month                      ☐ \$401 or more a month  
☐ Less than \$50 a month                      ☐ \$101 - \$200 a month                      ☐ \$301 - \$400 a month                      ☐ Don't know

8. **Does your business currently offer health insurance to employees?**

☐ Yes (please continue to Q9)                      ☐ No (please go to Q11)



## Businesses with health insurance coverage...

### 9. Please identify any insurance options offered by your business.

*If your company offers more than three insurance plans, please enter information for the three plans with highest enrollment. Exact answers are preferred; if not possible, provide best estimates.*

	<i>Enter the abbreviation from list below that identifies the plans offered by your business.</i>	Plan 1	Plan 2	Plan 3
a.	Health Maintenance Organization.....HMO Preferred Provider Organization.....PPO Point of Service.....POS Exclusive Provider Organization.....EPO Fee-for-Service.....FFS Health Savings Account.....HSA Other (Please Specify) _____	_____	_____	_____
b.	How many employees are enrolled under each plan?	___ #	___ #	___ #
	<u>Permanent</u> full-time (at least 32hr/week employees	___ #	___ #	___ #
	<u>Permanent</u> part-time (less than 32hr/week) employees	___ #	___ #	___ #
	<u>Temporary</u> employees	___ #	___ #	___ #
	<u>Seasonal</u> employees	___ #	___ #	___ #
	<u>Contract</u> employees	___ #	___ #	___ #
c..	Monthly premium cost per individual for single coverage. <i>If cost varies, please enter the range from low to highest.</i>	\$ _____	\$ _____	\$ _____
	Employer's contribution	\$ _____	\$ _____	\$ _____
	Employee's contribution	\$ _____	\$ _____	\$ _____
d.	How many employees are covered by a family version of this plan?	___ #	___ #	___ #
e.	<i>If d is more than 0,</i> monthly premium per employee for family coverage. <i>If cost varies, please enter the range from low to highest.</i>	\$ _____	\$ _____	\$ _____
	Employer's contribution	\$ _____	\$ _____	\$ _____
	Employee's contribution	\$ _____	\$ _____	\$ _____

### 10. How much did health insurance premiums increase at your last renewal?

<input type="radio"/> Not at all	<input type="radio"/> 11-20%	<input type="radio"/> 31-40%	<input type="radio"/> 51-100%	<input type="radio"/> Not sure
<input type="radio"/> 1-10%	<input type="radio"/> 21-30%	<input type="radio"/> 41-50%	<input type="radio"/> More than 100%	

**Please skip to Q 13.**

## Businesses without health insurance coverage...

### 11. Has your company offered health insurance as a benefit to employees in the past?

☐ Yes

☐ No (Skip to Question #12)

### 11 b. How long has your company been without insurance coverage?

☐ 6 months or less

☐ 6 to 12 months

☐ 1-2 years

☐ 2-5 years

☐ More than 5 years

### 12. How important are the following reasons in your company's decision to not offer health insurance?

	<i>The decision was influenced by...</i>	Very Important	Somewhat Important	Not-at-all Important	Don't Know
a.	Expense, premiums too high	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b.	Employees covered elsewhere	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c.	Health insurance company cancelled our policy Why canceled? _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d.	Can attract good employees without offering health insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e.	The business is too small	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f.	The business is too newly-established	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g.	Have only part-time or temporary workers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h.	Employees do not want / value it	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i.	Employee turnover is too high	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j.	Administrative hassles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k.	Seriously ill employee(s)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l.	High use due to existing illness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m.	The government will pay if employees get sick	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n.	Other reason _____	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### 13. How supportive are you of the following insurance coverage initiatives?

		Totally Supportive	Mostly Supportive	A little Supportive	Not-at-all Supportive	Don't Know
a.	Expand tax credits for small businesses and/or consumers to help offset the cost of health insurance premiums.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b.	Enact insurance rules to allow formation of small business association health plans that encourage purchasing pools.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c.	Allow insurance companies to offer low-cost benefit alternatives that cover only minimum medical services.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d.	Support state-based reinsurance arrangements to buffer high-costs associated with severe medical conditions.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e.	Expand existing public insurance programs (i.e. Medicare, AHCCCS, KidsCare) to provide greater coverage.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f.	Eliminate the "bare period" for insurance eligibility. (Requirement that business not have coverage for 6-months before being eligible for state guaranteed insurance)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g.	Encourage government-negotiated insurance premium caps.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h.	Offer premium subsidies for employees with incomes below 200% federal poverty level.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i.	Provide small businesses direct government subsidies to help pay premiums for low-income workers.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j.	Increase federal and state efforts to provide universal coverage.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<b><i>Your name:</i></b>	_____
<b><i>Are you the owner or part owner?</i></b>	<input type="radio"/> Yes <input type="radio"/> No
<b><i>Job Title:</i></b>	_____
<b><i>Phone #:</i></b>	_____
<b><i>Today's date</i></b>	_____

**Thank you**

for sharing your opinions  
and  
participating in today's focus group!